

WASHINGTON, D.C. – The House of Representatives today passed the Tax Collection Responsibility Act of 2007 (H.R. 3056), legislation designed to eliminate the costly and inefficient use of private contractors in tax collection, by a vote of 232 to 173. Representative Xavier Becerra (CA-31), Assistant to the Speaker of the House and the only member of Congress from Southern California on the Ways and Means Committee, voted for the bill.

“Farming out sensitive government work to private, for-profit corporations is a costly and oftentimes dubious proposition,” Rep. Becerra said shortly following passage of the bill. “In this case, the contracting out of tax collection has led to increased inefficiency and overly aggressive collection tactics against individuals by unaccountable private collectors. American taxpayers deserve a fair, effective and accountable tax collection process that protects their privacy and respects their rights.”

Once approved by the Senate and signed into law, H.R. 3056, the Tax Collection Responsibility Act will repeal the Internal Revenue Service’s (IRS) authority to enter into, renew, or extend private debt collection contracts.

Since such authority was granted to the IRS in 2004, the federal government has spent \$71 million to collect \$20 million in tax receipts. The National Taxpayer Advocate estimates the federal government could have collected \$1.4 billion had the money been spent hiring IRS employees.

A recent Ways and Means Committee investigation of private debt collectors revealed numerous instances of harassment, abusive calling, violations of taxpayer rights and invasions of privacy on the part of private collectors. In one instance, an elderly couple was called 150 times, including five times a day asking for a taxpayer, even though they were told the taxpayer did not reside at the home. The calls continued for 27 more days. Other cases included harassment of nursing home residents, those serving in Iraq, low-income taxpayers, non-English speakers and victims of identity theft. By offering employees 21 to 24 percent of the money they collect (depending on the size of the case), employees of private collection agencies are incentivised to use overly aggressive tactics.

“The bill recognizes the collection of federal income taxes as a government function that should be restricted to IRS employees. The use of private contractors violates the special and

confidential relationship between taxpayers and their government,” Rep. Becerra said.

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